



***Michael C. Schlachter, CFA
Managing Director & Principal***

March 29, 2011

Dr. Louis Moret
Chair, Investment Policy Subcommittee
California Public Employees' Retirement System
400 Q Street
Sacramento, CA 95814

Re: Repeal of Directed Brokerage Policy

Dear Dr. Moret:

You requested Wilshire's opinion with respect to the proposed repeal of the Directed Brokerage policy.

Recommendation

Wilshire recommends that the Policy Subcommittee repeal the policy as requested by Staff.

Discussion

Staff has made great improvements over the last few years to the breadth and diversity of brokers that it employs. Given the wide variety of brokerage relationships that Staff has developed and the low cost trading that CalPERS employs, we see no need to continue to maintain directed brokerage relationships or this policy.

Please let us know if you have any questions or comments.

Best regards,

A handwritten signature in black ink, appearing to read 'Michael Schlachter'.